



MISSOURI DEPARTMENT OF MENTAL HEALTH

DORN SCHUFFMAN, DEPARTMENT DIRECTOR



DEPARTMENT
OPERATING
REGULATION
NUMBER

DOR

1.235

CHAPTER General Department	SUBCHAPTER Department Operations	EFFECTIVE DATE Jan. 1, 2004	NUMBER OF PAGES 3	PAGE NUMBER 1 of 3
SUBJECT Fiscal Notes for Administrative Rules		AUTHORITY Sections 536.010, 536.014, 536.016, 536.200, 536.215 and 630.050 RSMo.	HISTORY See Below	
PERSON RESPONSIBLE Deputy Director, Office of Quality Management			SUNSET DATE July 1, 2007	

PURPOSE: Describes how the department will prepare fiscal notes for administrative rules.

APPLICATION: Applies to the entire department.

(1) Definitions:

(A) Administrative Rule, a regulation that affects providers and other entities outside the department of mental health;

(B) Department Operating Regulation (DOR), a regulation that affects employees of the department and facilities operated by the department;

(C) Executive Team, division directors and other senior administrative staff designated by the department director;

(D) Fiscal Note, a statement estimating the cost of a proposed rule resulting from its implementation;

(E) Regulation, an administrative rule or department operating regulation (DOR);

(F) Regulation Author, a department employee who is responsible for writing a regulation;

(G) Regulation Owner, the program division or office with the primary responsibility for a regulation;

Regulatory Process Coordinator(s), staff within the Office of Quality Management designated to provide technical assistance, consultation, oversight, and quality improvement relative to regulation development ; and

(I) Rule, an administrative rule.

(2) Fiscal Notes. Fiscal notes are required for all proposed rules, proposed amendments to rules and proposed rescissions of rules.

(A) Two fiscal notes are required, one to estimate costs that will be incurred by public entities and the second to estimate costs that will be incurred by private entities.

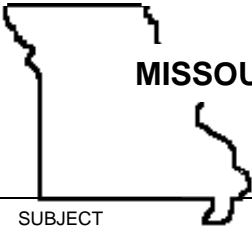
(B) Fiscal notes are not required for department operating regulations (DORs).

(3) Fiscal notes shall –

(A) utilize forms created by the Office of Secretary of State, Division of Administrative Rules;

(B) be prepared in accordance with sections 536.200 through 536.215 RSMo; and

(C) stratify private entity costs so as to individually present expenses costs to be incurred by small businesses, in compliance with Executive Order 03.15.



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(4) The Office of Administration (DMH) shall –

(A) Provide guidelines for standardized costs relating to inflation, furniture and other administrative costs;

(B) Provide preliminary fiscal note review for regulation owners to assure consistency of methodology; and

(C) Within 10 working days of receipt, approve or disapprove fiscal notes submitted by regulation owners, according to the following criteria.

1. Are expense and equipment estimates consistent with the standardized costs established by the Office of Administration (DMH)?

2. Are estimates of staff costs accurate?

3. Are the assumptions –

A. Justified by the data provided; and

B. Consistent with the assumptions made by DMH in other contexts?

(D) Is the methodology clear and reasonable, and does it flow logically from the assumptions?

(5) Assumptions and cost estimates shall meet the following criteria.

(A) If a fiscal estimate is less than \$500 over the life of the ~~[regulation]~~ rule, the note must list in detail the assumptions leading to this conclusion and be retained by the regulation owner and the regulatory process coordinator(s).

(B) Assumptions regarding the inflation, the cost of staff, furniture, and other administrative costs shall be based on current guidelines established by the Office of Administration (DMH) for budgeting purposes.

(C) The fiscal note must include costs for staff, services, training, supplies and equipment if they are required by the rule or will result from the implementation of the rule.

(6) Guidelines for Writing Fiscal Notes.

(A) The Assumptions and Methodology sections of the fiscal notes shall clearly reflect that the department has made a good faith effort to evaluate costs.

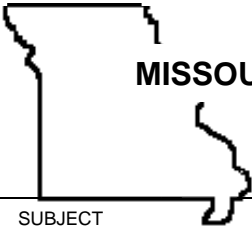
(B) In deciding whether certain costs should be included the following guidelines apply. The fiscal note shall include applicable costs including but not limited to –

1. That portion of staff time that will be engaged in performing duties not previously required, even if the new duties do not necessitate the hiring of additional staff;

2. Administrative costs such as postage, stationery and copying costs;

3. Training costs unless new training required under the new rule can be included in existing required training schedules; and

4. Items that are currently in place on a voluntary basis but become required under the new rule



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(7) Review of Actual Cost to Public Entities. At the end of the first full fiscal year after the implementation of an administrative rule, the regulation owner shall determine how much it actually cost public entities to implement the rule. If the regulation owner

determines that the actual cost to public entities was at least ten percent higher than the cost estimated in the original fiscal note, the regulation owner shall file a statement of actual cost in accordance with section 536.200 RSMo.

(8) Quality assurance shall be in conformance with the requirements of section (11) of DOR 1.230.

History: Original DOR effective September 1, 2001. Amendment effective January 1, 2004.